

**INSURANCE DIVISION[191]**

**Adopted and Filed**

Pursuant to the authority of Iowa Code section 505.8, the Insurance Division hereby adopts new Chapter 97, "Accounting for Certain Derivative Instruments Used to Hedge the Growth in Interest Credited for Indexed Insurance Products and Accounting for the Indexed Insurance Products Reserve," Iowa Administrative Code.

The purpose of the new rules is to address the mismatch related to changes in value for the derivative assets as compared to the interest accrual in the reserve calculation and to provide insurance companies with the ability, once certain criteria are met, to: (1) change the accounting for option assets that hedge insurance companies indexed insurance products to the amortized cost method, and (2) change the indexed annuity reserve calculation methodology such that index credit returns will be included in the reserve only after they have been credited to the policy. The new chapter will allow for a more accurate representation of an insurance company's capital position.

Notice of Intended Action was published in the Iowa Administrative Bulletin on July 1, 2009, as **ARC 7915B**. Comments regarding this new chapter were to be received during the comment period and at the public hearing on July 21, 2009. No public comment was received, and the rules are identical to those published under Notice of Intended Action.

These rules do not provide for waivers.

These rules will become effective September 30, 2009.

These rules are intended to implement Iowa Code chapter 508.

EDITOR'S NOTE: Pursuant to recommendation of the Administrative Rules Review Committee published in the Iowa Administrative Bulletin, September 10, 1986, the text of these rules [Ch 97] is being omitted. These rules are identical to those published under Notice as **ARC 7915B**, IAB 7/1/09.

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[For replacement pages for IAC, see IAC Supplement 8/26/09.]